

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

HB 204

February 2, 2009

SUMMARY OF BILL: Increases the monthly cell phone service charge from \$1 to \$1.50. Reallocates the distribution of this service charge from the Tennessee Emergency Communications Board (TECB) to local Emergency Communications Districts (ECDs) from 25 percent to 65 percent. An additional five percent of the revenue generated will be distributed to the 50 lowest populated ECDs.

ESTIMATED FISCAL IMPACT:

**Increase State Revenue – \$25,569,000/Emergency
Communications Fund/FY09-10**

**\$28,763,000/Emergency
Communications Fund/FY10-11**

**Increase State Expenditures - \$40,972,000/Emergency
Communications Fund/FY09-10**

**\$46,092,000/Emergency
Communications Fund/FY10-11**

Increase Local Revenue - \$40,972,000/FY09-10

\$46,092,000/FY10-11

Other Fiscal Impact – The increase in revenue and expenditures will increase each year as the number of cell phone subscribers grows.

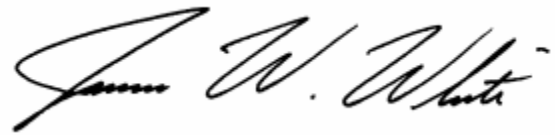
Assumptions:

- According to the Department of Commerce and Insurance, increasing the distribution from 25 percent to 65 percent and adding an additional five percent to low population ECDs will increase state expenditures \$40,972,000 in FY09-10 and \$46,092,000 in FY10-11.
- Increasing the service charge from \$1 to \$1.50 will generate an increase in state revenue of \$25,569,000 in FY09-10 and \$28,763,000 in FY10-11.
- Local government revenue will increase \$40,972,000 in FY09-10 and \$46,092,000 in FY10-11 as a result of the reallocation.

- Revenue and expenditures will increase in FY10-11 as the number of cell phone subscribers increases. The Department estimates an increase of four percent in cell phone subscribers in FY10-11.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James W. White". The signature is fluid and cursive, with the first name "James" written in a smaller, more compact script than the last name "White".

James W. White, Executive Director

/kmc